

AMENDED IN ASSEMBLY MAY 24, 2007

AMENDED IN SENATE MARCH 6, 2007

SENATE BILL

No. 148

Introduced by Senator Hollingsworth

(Principal coauthor: Assembly Member Maze)

**(~~Coauthor: Senator Alquist~~ Coauthors: Senators Alquist, Cogdill,
Dutton, and Florez)**

(Coauthors: Assembly Members Anderson, Fuller, Horton, Salas, and
Strickland)

January 29, 2007

An act to amend Section 211 of, *and to add Chapter 7 (commencing with Section 199) to Part 1 of Division 1 of*, the Revenue and Taxation Code, relating to freeze relief; ~~to take effect immediately, tax levy.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 148, as amended, Hollingsworth. Property taxation: exemption: fruit-bearing and nut-bearing trees: freeze relief.

Existing law authorizes an owner of eligible property, as defined, to apply to a county that has enacted a specified ordinance and has been declared by the Governor to be in a state of emergency as a result of a specified disaster, to defer the payment of the next installment of property taxes on that property, as specified.

This bill would authorize the board of supervisors of counties that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions that commenced on January 11, 2007, to enact a temporary ordinance to authorize a qualified taxpayer, as defined, to defer payment of that taxpayer's first installment of ad valorem property taxes due for the 2007–08 fiscal year without penalty or interest, but only if the taxpayer files an

application for the deferral on or before November 1, 2007. This bill would require that the ordinance require a qualified taxpayer to make the full payment of the amount deferred on or before December 10, 2008.

The California Constitution exempts from property taxation fruit and nut trees until 4 years after the season in which they were planted in orchard form and grapevines until 3 years after the season in which they were planted in vineyard form. Existing statutory law implementing these exemptions specifies that any fruit-bearing or nut-bearing tree that was severely damaged during the exemption period by the December 1998 freeze so as to require pruning to the trunk or bud union to establish a new shoot as a replacement for the damaged tree or grapevine, is to be considered a new planting in orchard form.

This bill would modify this statutory provision to also apply to any fruit-bearing or nut-bearing tree that was similarly damaged during the January 2007 freeze.

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

~~This bill would take effect immediately as a tax levy.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 *SECTION 1. Chapter 7 (commencing with Section 199) is*
2 *added to Part 1 of Division 1 of the Revenue and Taxation Code,*
3 *to read:*

4
5 *CHAPTER 7. FREEZE RELIEF: PROPERTY TAX DEFERRED*
6

7 199. (a) *Notwithstanding any other law, the board of*
8 *supervisors of a county that was the subject of the Governor's*
9 *proclamations of a state of emergency for the severe freezing*
10 *conditions that commenced on January 11, 2007, may enact a*

1 *temporary ordinance to authorize a qualified taxpayer to defer*
2 *payment of that taxpayer's first installment of ad valorem property*
3 *taxes due for the 2007–08 fiscal year, if all of the following*
4 *conditions are met:*

5 *(1) The ordinance requires that an application for a deferral*
6 *be submitted by a qualified taxpayer on or before November 1,*
7 *2007.*

8 *(2) The ordinance requires the qualified taxpayer to pay the*
9 *entire amount of the deferred installment, without penalty or*
10 *interest, on or before December 10, 2008.*

11 *(b) For purposes of this section, "qualified taxpayer" means a*
12 *person or entity that meets all of the following criteria:*

13 *(1) The person or entity is engaged in an industry described in*
14 *codes 1111 to 1119, inclusive, of the North American Industry*
15 *Classification System Manual published by the United States Office*
16 *of Management and Budget, 2002 edition.*

17 *(2) As a result of the severe freezing conditions that commenced*
18 *on January 11, 2007, the person or entity suffered a revenue loss*
19 *of 60 percent or more of the projected income of the person or*
20 *entity for the 2007 calendar year. A person or entity seeking a*
21 *deferral under this section shall provide documentation in the*
22 *deferred application including, but not limited to, crop insurance*
23 *data, shipping statements from packing houses, or copies of*
24 *applications submitted to governmental entities documenting*
25 *disaster losses, to verify that revenue loss of the person or entity*
26 *was equal to or exceeded 60 percent.*

27 **SECTION 1.**

28 *SEC. 2.* Section 211 of the Revenue and Taxation Code is
29 amended to read:

30 211. (a) The exemption of fruit- and nut-bearing trees until
31 four years after the season in which they were planted in orchard
32 form and grapevines until three years after the season in which
33 they were planted in vineyard form is as specified in subdivision
34 (i) of Section 3 of Article XIII of the California Constitution. For
35 purposes of exemption pursuant to this subdivision, any fruit- or
36 nut-bearing tree, or any grapevine, severely damaged during the
37 exemption period by the December 1990 freeze so as to require
38 pruning to the trunk or bud union to establish a new shoot as a
39 replacement for the damaged tree or grapevine, shall be considered
40 a new planting in orchard or vineyard form. For purposes of

1 exemption pursuant to this subdivision, any fruit- or nut-bearing
2 tree severely damaged during the exemption period by the
3 December 1998 freeze or the January 2007 freeze so as to require
4 pruning to the trunk or bud union to establish a new shoot as a
5 replacement for the damaged tree shall be considered a new
6 planting in orchard form.

7 (b) The exemption of timber is as specified in subdivision (j)
8 of Section 3 of Article XIII of the California Constitution and
9 Section 436.

10 ~~SEC. 2.~~

11 *SEC. 3.* Notwithstanding Section 2229 of the Revenue and
12 Taxation Code, no appropriation is made by this act and the state
13 shall not reimburse any local agency for any property tax revenues
14 lost by it pursuant to this act.

15 ~~SEC. 3. This act provides for a tax levy within the meaning of~~
16 ~~Article IV of the California Constitution and shall go into~~
17 ~~immediate effect.~~